

Governor's Commission on Family Farms

April 12, 1999

Kentucky State University's Research Farm, Frankfort

9:30 AM EST

Members present: Jim Naive, Hanna Lovell, Luther Mason, Secretary Allen Rose, Sharon Furches, Don Halcomb, Ron Catchen, Bill Atkins, Stephen Price, Susan Harkins, Karen Armstrong-Cummings, Paul Hornback, Denise Hoffman, Bob Sparks, Janet Johnson, Al Pedigo, Commissioner Billy Ray Smith, John-Mark Hack. Sylvia Lovely, Alice Baesler, Hampton "Hoppy" Henton, Al Pedigo and David Kash

Absent were: Ken Mattingly, John Berry, Mattie Mack, John Medley Jr., and Chris Kummer.

Guests included: Mac Stone, Manager of the Kentucky State University (KSU) Research Farm; Jim Tidwell, Director of KSU's Aquaculture Program; Dr. Harold Benson, Director of the Land Grant Program, Cooperative Extension Program, KSU; David Keith; Mike Stivers; Sharon Burton; JK Henshaw from Farm Bureau; Mike Stivers; Sharon Burton of Farmers Pride; Louie Rivers from KSU; Franklin County Extension Agent Michael Williams, and Curtis Absher from UK.

Chairman Naïve called the meeting to order.

Mac Stone, Manager of the KSU Research Farm welcomed the group. Stone also serves as the president of Partners for Family Farms, which is a small group of farmers—which includes—small organic farms as well as larger operations owned and operated by families. The group focuses on networking, partnerships across agriculture communities, consumer awareness, form alliances, agriculture facilitation, how to help Kentuckians get more of the retail dollar, educate Kentucky farmers, how to sell/market Kentucky products. Susan Harkins stated that Partners for Family Farms originated through the Commodity Growers Cooperative, which is a subsidiary of the Burley Growers Cooperative. Also, Karen Armstrong-Cummings helped via her role and alliances with the Environmental Protection Cabinet.

There are lots of issues that “fall between the cracks”—who administers, etc. For instance, regarding pastured poultry...there is no place to process pastured poultry. The USDA and local health departments don't agree on whose guidelines should be followed when less than 20,000 birds are processed per year. A tour is to be offered at lunch today.

Dr. Benson gave a brief overview and also welcomed the group.

Jeff Hall distributed the following handouts: *Future of the US Tobacco Economy*; Kentucky Center for Agriculture Entrepreneurship; and “Field of Genes”, an article in Business Week Magazine.

Chairman Naïve gave a brief overview of March meeting. He stated that a small core group (Don Halcomb, Bill Atkins, Susan Harkins, Ken Mattingly, Jeff Hall, John-Mark Hack and Janet Johnson) met with Commissioner Smith and Department of Agriculture staff to discuss the Center for Agriculture Entrepreneurship.

Chairman Naïve asked Don Halcomb to brief the commission on the meeting.

Mr. Halcomb asked the group to break up into two different groups for a brief exercise. He hoped that this exercise might help the group see what skills are needed for integrated agriculture/business ventures, are those skills attainable? Where do you go to get to get these skills, etc.? (See attachments for exercise story)

Don Halcomb said that this exercise is to try to come up with some amount of resources for the state to put into this project. He also asked that the Commission be considering the following: Staffing for the center & where will it be housed? Will the Center distribute/award grants/loans, etc.? Will it pose any threat to existing or proposed plans/programs in the Dept. of Agriculture?

Commissioner Smith said that he didn’t think that the center would pose any threat to the Dept. Of Agriculture; however, there are various segments of this thing being done right now.

Skills listings from each group:

Paddlefish Farmer

1. Marketing
2. Technical Skills (computer)
3. Production knowledge & practical application
4. Market assessment
5. Staffing (Personnel Mgmt)
6. Work with regulatory agencies
7. Prod. Development./packaging size/public demand/marketing plan/logo for identity
8. Financial Management
9. Communication skills/public relations

Capital needed: Approx. \$200,000

Tobacco Farmer

1. Production management
2. Leadership skills
3. Resource Management
4. Farm skills

5. Labor Management

Short-term Capital required: \$18,000 – \$20,000

(This group assumed the land, machinery, etc. came from inheritance or shared ownership with family)

In addition...Federal program, support-system in place.

Sylvia Lovely pointed out that the term entrepreneurship might not relate to everyone. They might not understand the term.

Janet Johnson stated that there is a very limited knowledge of how to apply for grants in the farm community. Johnson added that recently she has been working with two individuals who are applying for grants. Both are wanting to move away from traditional tobacco farms. Both had difficulty completing the grant applications. More tobacco farmers are moving toward supplemental income. These people desperately need help with marketing. Somewhere, somehow, stages have to be developed to help farmers' transition.

Secretary Rose suggested something that the commission may want to consider: Although this focuses mostly on machine shops, grocery stores and other businesses... Greater Louisville Inc., now part of the Kentucky Chamber of Commerce, has a group of retired business people who advise other potential business owners. Their services are free of charge. They act as mentors and guide others through the processes of applying for money, making connections, other resources, etc. Also, the grant process can be cumbersome and overwhelming. It could be very beneficial to use this type of mentoring or advise. "We need to help those folks."

Discussion ensued on how to get the farmer to take better care of their farms, how to help them gain a broader base of education. Do we focus on one or two success stories? Do we try to help everyone? Or do we do a little bit of both? Resources are greatly needed--use Internet and other "bridges" to help get these people started.

Susan Harkins worried that problems may occur because production will overpower the market. She put up her own capital, working from "both lists" (referring to today's group exercise). She and others are trying to develop an industry. She worries about a potential crash course--when production really gets going, but the other aspects of the new venture haven't been thoroughly worked out.

Chairman Naive asked that Don Halcomb take the lead on continuing to work with the Department of Agriculture.

There was a brief discussion: examples of loans, successful grants and supplemental money available for farmers. Discussion moved to grants (to increase profitability and value-added marketing) administered through the Department of Agriculture. It also depends on the type of project you are doing.

Commissioner Smith explained that non-profits groups can receive the money, personal individuals cannot apply unless it is through the local Farm Bureau, Soil Conservation Service, fair board, or other 501(C)(3) that would increase the value-added marketing for that county.

Commissioner Smith also explained the Link Deposit Program--works with local banks to help farmers get supplemental loans. Janet Johnson added that communication is a problem because a lot of people have never heard about this.

He further explained a multi-million dollar research project/survey conducted by the University of Kentucky. The survey focused on the added value of livestock (in particular the beef industry) if every weanling calf that went to market was castrated, vaccinated, de-horned, etc. Due to the positive results of the research, about 40 grants then were distributed that would provide facilities/money to make those resources available for farmers to use these practices. Any non-profit could have applied for groups of farmers.

Karen Armstrong Cummings stated that a really important aspect that the Center could address persons who want alternative enterprises. That ability to develop a cooperative/alliance is essential. The financial assistance is only one aspect, there also needs to be the resources available for technical assistance (this is vital).

Chairman Naive charged Don Halcomb and the core group to look at staffing and the financial possibilities for the Center. Halcomb asked John-Mark Hack if he could arrange a meeting with Governor Patton. (Core group: Don Halcomb, Janet Johnson, Karen Armstrong-Cummings, Susan Harkins, Bill Atkins and Ken Mattingly.)

Mac Stone gave a brief overview of the Kentucky State University Farm: It is a land-grant institution. The farm was purchased in 1986.

Like small farms, production is impacted by each other (They raise Paddlefish—they can and have been affected by cattle production or vegetable sediment.)

They do composting, cover crops, etc. Avoid use of pesticides (if at all possible.)

Raise and sell the pawpaw plant, which is a natural anti-carcinogen. KSU uses/teaches different grazing techniques/how to manage parasites. Part-time farmers.

They raise/study hives of honey bees, colonizing solitary bees and pollination. He explained two mites that cause problems with reproduction and strengthening of the hives. Honeybees are avoiding some of the crop fields that use pesticides.

The third Thursday of each month is a meeting such as soil building programs, IPM, disease management, etc. Diverse groups of farmers are invited to listen at these meetings which are open to the public. There is a mailing list announcing meetings and the topics to be discussed—anyone can ask to be put on the list.

Funding status of land grant. KSU may lose their federal funding. State monies are needed to help keep KSU's research farm going. It takes approximately 5-6 million dollars per year to run the farm. Right now, it is on a declining formula.

□ After lunch, there was a tour of the Kentucky State University Research Farm.

Presentation by Jim Tidwell, Aquaculture Program at Kentucky State University: discussed fish farming practices, ponds, water quality.

The first five years--mostly catfish culture. We (staff at KSU) are doing adaptive research...such as how can we do in KY what they are doing in Mississippi (at times, catfish is Mississippi's # 1 crop).

The last five-six years--They are looking at new species. Developing a list of adaptive/alternative species other than catfish and trout (Yellow Perch, Walleye, Hybrid Striped Bass, Bluegill/Hybrid Bluegill, Paddlefish, Largemouth Bass, Fresh Water Shrimp, etc.) Yellow Perch— although a good marketer, the Dept. of Fish and Wildlife has asked us not to concentrate on it--considered a nuisance species.

Focusing on economics and marketing. Can put 4-5,000 channel catfish per acre. Need facilities and more equipment (Tanks to have to wash the shrimp to load, etc.) Shrimp can be flash frozen to extend the market. Handouts on shrimp were distributed.

Paul Hornback discussed H2A reform.

There was hearing last Saturday on H2A reform. No legislation has come out yet. The legislation will probably be proposed sometime this year. The Senate and House passed it last year, but it didn't get out of the committee.

Be aware that a couple of weeks ago, there was money to put three teams of INS agents out into the field. There is an ample labor supply here in Kentucky—we don't know if they are all legal. If they are going to appropriate money for enforcement, then there needs to be money legislated for farmers to get legal workers.

Talk to your representatives and senators. Hal Rogers is in a very influential role.

The thrust of these discussions is to make H2A simpler more user-friendly. Right now, H2A is very complicated, time-consuming program. The way the program is set up now, you have to be a large grower to use the program. With reform, the wage structure could be affected. Right now it is \$6.28 per hour—a lot of people think is too high. If we could use the prevailing wage or minimum wage it would be better/more cost effective for smaller family farms to use the program.

- Minutes: Changes or additions to the minutes...please get to Susan Goddard; otherwise, the minutes will be accepted as written.
- ❑ *A special thanks to Mac Stone and his staff for making all of the arrangements for food and the tour.*
- **The Commission on Family Farms will probably reconvene one more time in mid to late summer. The group needs to review and finalize the Center for Entrepreneurship draft proposal and the education component. Communication will continue to flow. The group will be notified of the next meeting.**

Presentation by Ron Catchen – Producer Education

Education gives family farmers a competitive advantage--it helps to advance family farms.

Question: Are we going to deal with consumer education or producer education; or are we to deal with a blend of both?

There needs to be education for tobacco farmers to help them transition to another crop. Does not have to necessarily be formal education. These people have never had to really market anything—the market and federal program has been there for them.

Mr. Catchen distributed handout of charts and graphs on education (occupational, full vs. part-time farmers)

Group discussion focused on the following questions submitted by Mr. Catchen:

1. List current sources for knowledge/education? Media, extension service, Universities, trade associations, commodity groups, other producers, agribusiness/feed stores, consultants, vocational agriculture, trade publications, Internet, Dept. of Agriculture (KY & US).
2. What type of educational programs do we need for family farms? Responsive vs. curriculum. Continuous learning: referred to *The Fifth Discipline*. Rather than focus on programs, possibly we need to develop systems to adapt to this change. Recognize/respond to change.
3. What are specific subjects that family farms need? Records, business plan (financial component); how to integrate systems (don't put all of your eggs in one basket); environmental consciousness; market trends; recognize non-traditional opportunities (start at an earlier age); what's available; rapid information transfer; regional agriculture specialization (regionally); estate planning; family financial planning/role structure.
4. What will the delivery system be? Complete farmers web-site; Internet (KY web-site); extension service; media (commercial/public access); consultant (one-one consultation); mailings/newsletters; field-days/farm demonstrations; school systems/classrooms.
5. What is the value of additional education?
6. List components of a producer education program: Integrating existing structures. Intensive (short-course) training; reciprocity education; user friendly; demonstrations.
7. List components of a consumer education program: Partnerships; demonstration farms; what Kentucky products are out there/where, benefits of preserving family farms
(Part A) Educational component--Recommend a team to assimilate and disseminate information as part of the Center
(Part B) New Businesses

Concern expressed: Kentucky is facing land redistribution on a rising scale; aging farmers—farm sell-outs for commercialization. There seems to be no environmental stewardship from absentee landowners (leasing property); quality farmland is disappearing at an alarming rate.

8. How will it be funded? Hopefully through state appropriation for startup funding, staff, etc. Projected amounts should be on-hand for meeting with Governor Patton.

- **Chairman Naive appointed a core group for education: Secretary Rose, David Kash, Paul Hornbeck, Bob Sparks and Ron Catchen.**

The group briefly discussed the need for a name for the center. KY Center for Agripreneurship?

- With no other business, the meeting was adjourned.